

Message Text

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INFO USICA WASHDC
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AMEMBASSY BRUSSELS
USMISSION GENEVA
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BONN FOR MARCH
BRUSSELS FOR USEC
GENEVA FOR USIO
PARIS FOR OECD

FOR USICA FOR USINFO

PASS TREASURY FOR PUBLIC AFFAIRS JESSE BROWN

E.O. 11652: N/A
TAGS: ADB
SUBJECT: ADB ANNUAL MEETING; U.S. SPEECH

1. ATTACHED IS FINAL VERSION OF ASSISTANT SECRETARY
BERGSTEN'S ADDRESS BEFORE THE ADB'S 11TH ANNUAL MEETING,
SCHEDULED FOR DELIVERY ABOUT 10:30 A.M., TUESDAY APRIL 25,
1978, VIENNA TIME.

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2. ADDRESS BY THE HONORABLE C. FRED BERGSTEN ASSISTANT
SECRETARY OF THE TREASURY U.S. TEMPORARY ALTERNATE
GOVERNOR TO THE ASIAN DEVELOPMENT BANK BEFORE THE ELEVENTH
ANNUAL MEETING OF THE ASIAN DEVELOPMENT BANK VIENNA,
AUSTRIA, TUESDAY, APRIL 25, 1978. QUOTE: MR. CHAIRMAN,
PRESIDENT YOSHIDA, DISTINGUISHED DELEGATES, LADIES AND

GENTLEMEN. IT IS A GREAT PLEASURE FOR ME TO BE IN VIENNA TODAY TO ADDRESS THE GOVERNORS OF THE ASIAN DEVELOPMENT BANK ON THE OCCASION OF THIS ELEVENTH ANNUAL MEETING. I WOULD PARTICULARLY LIKE TO THANK OUR HOSTS FOR THIS MEETING, VICE CHANCELLOR ANDROSCH AND THE AUSTRIAN GOVERNMENT FOR THEIR WARM HOSPITALITY. THE CHARM AND BEAUTY OF VIENNA ARE AN INSPIRATION TO ALL OF US. THE UNITED STATES STRONGLY SUPPORTS THE ASIAN DEVELOPMENT BANK. WE VIEW IT AS AN IMPORTANT CONTRIBUTOR TO DEVELOPMENT IN ASIA, AND AS A FOCAL POINT FOR COOPERATION IN THE REGION. WE ARE DELIGHTED WITH THE OPPORTUNITY PROVIDED BY THIS MEETING TO CONTINUE OUR EFFORTS IN SUPPORT OF THE BANK.

I JOIN MY FELLOW GOVERNORS IN WELCOMING THE REPUBLIC OF MALDIVES AS THE BANK'S FORTY-THIRD MEMBER. I WOULD ALSO LIKE TO EXTEND SPECIAL RECOGNITION TO MR. C.S. KRISHNA MOORTHY, WHO RECENTLY RETIRED FROM THE VICE PRESIDENCY OF THE ADB. HIS UNCEASING EFFORTS IN BEHALF OF THE ASIAN DEVELOPMENT BANK, WHICH DATE FROM THE BANK'S BEGINNINGS, ARE WELL KNOWN TO ALL THOSE ASSEMBLED HERE TODAY. I WOULD LIKE TO WISH MR. KRISHNA MOORTHY EVERY SUCCESS IN HIS FUTURE ENDEAVORS. HIS CONTRIBUTIONS TO MAKING THE ASIAN DEVELOPMENT BANK AN EFFECTIVE FORCE FOR ECONOMIC DEVELOPMENT WILL NOT SOON BE FORGOTTEN. AT THE SAME TIME, I WOULD LIKE TO CONGRATULATE AND EXTEND OUR WARMEST

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GREETINGS TO MR. BAMBAWALE AND MR. KATZ, THE TWO NEW VICE PRESIDENTS OF THE BANK.

THE WORLD ECONOMIC OUTLOOK

THE SUCCESS OF OUR JOINT EFFORTS IN THE ASIAN DEVELOPMENT BANK AND FUND ARE DEEPLY AFFECTED BY DEVELOPMENTS IN THE WORLD ECONOMY: RATES OF ECONOMIC GROWTH AND INFLATION, LEVELS OF UNEMPLOYMENT, INTERNATIONAL MONETARY STABILITY. EACH OF THESE ISSUES IS OF CRITICAL IMPORTANCE TO THE PROSPECTS OF THE MEMBER COUNTRIES OF THE BANK, PARTICULARLY ITS DEVELOPING MEMBER COUNTRIES. I WOULD LIKE TO ADDRESS BRIEFLY OUR VIEW ON EACH OF THESE ISSUES, AND REPORT TO YOU ON THE EFFORTS OF THE UNITED STATES TO CONTRIBUTE TO THEIR IMPROVEMENT.

THERE ARE NUMEROUS ENCOURAGING SIGNS FOR THE GLOBAL ECONOMY IN 1978. WE EXPECT SOMEWHAT FASTER REAL GROWTH THIS YEAR THAN LAST, BOTH WITHIN THE OECD AREA AND AMONG DEVELOPING COUNTRIES. WITHIN THE OECD, WE BELIEVE THAT REAL GROWTH OUTSIDE THE UNITED STATES WILL BE ABOUT ONE PERCENT FASTER THAN IN 1977. JAPAN, IN PARTICULAR, IS MAKING A NOTEWORTHY

AND LAUDABLE EFFORT TO EXPAND ITS ECONOMY MORE RAPIDLY.

IN ADDITION, SUBSTANTIAL PROGRESS HAS BEEN MADE IN REDUCING RATES OF INFLATION. DISPARITIES IN INFLATION RATES AMONG COUNTRIES ARE BEING REDUCED. THERE HAS BEEN CONSIDERABLE SUCCESS IN IMPROVING THE DISTRIBUTION OF CURRENT ACCOUNT IMBALANCES, THOUGH SOME LARGE SURPLUSES AND DEFICITS STILL REMAIN.

AT THE SAME TIME, UNEMPLOYMENT RATES AND INFLATION REMAIN TOO HIGH THROUGHOUT THE WORLD. SOME PAYMENTS IMBALANCES ARE STILL TOO LARGE. STABILITY NEEDS TO BE MAINTAINED IN

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THE EXCHANGE MARKETS. BUT OUR OUTLOOK IS ONE OF CAUTIOUS OPTIMISM, AND A BELIEF THAT THE GLOBAL ECONOMIC PICTURE IS IMPROVING IN BOTH THE INDUSTRIALIZED AND DEVELOPING WORLDS.

U.S. POLICY

THE UNITED STATES HAS EMBARKED ON A COMPREHENSIVE EFFORT TO PROMOTE SUCH AN OUTCOME, AS PART OF OUR EFFORT TO ASSIST THE DEVELOPING NATIONS AS WELL AS TO MEET OUR BROADER RESPONSIBILITIES FOR THE EFFECTIVE FUNCTIONING OF THE WORLD ECONOMY. THE FIRST REQUIREMENT IS A STRONG UNITED STATES ECONOMY, WHICH IS THE FOUNDATION OF ALL OUR COMMIT-

MENTS IN THE INTERNATIONAL ARENA.

CURRENTLY, THE UNITED STATES IS GROWING FASTER THAN MOST OTHER INDUSTRIAL COUNTRIES. WE ACHIEVED A GROWTH RATE OF 5.7 PERCENT IN THE LAST QUARTER OF 1977, WHILE THE INDUSTRIAL PRODUCTION OF OUR MAJOR TRADING PARTNERS FELL, AND

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GREW AT A RATE OF 4.9 PERCENT FOR THE YEAR AS A WHOLE. WE EXPECT A GROWTH RATE OF 4.5 TO 5 PERCENT IN 1978, AND A FURTHER REDUCTION IN UNEMPLOYMENT FROM THE LATE 1977 LEVEL OF 6.5 PERCENT TO 5.7 PERCENT TOWARD THE END OF 1978. AT THE SAME TIME, WE ARE EXPERIENCING GREATER SUCCESS THAN MOST COUNTRIES IN HOLDING INFLATION UNDER CONTROL.

THE UNITED STATES FULLY RECOGNIZES THAT THE STABILITY OF THE INTERNATIONAL MONETARY SYSTEM RESTS HEAVILY ON A STABLE DOLLAR. IT IS OUR CLEAR, AND CLEARLY STATED, VIEW THAT A STRONG AND STABLE DOLLAR IS IN THE INTEREST OF THE UNITED STATES, AS WELL AS THE INTEREST OF THE WORLD ECONOMY AND THE DEVELOPING COUNTRIES INCLUDING THOSE IN ASIA.

SUCH STABILITY CAN BE ACHIEVED ONLY BY DEALING WITH THE FUNDAMENTAL ECONOMIC SITUATION. WE ARE DOING SO. ON APRIL 11, PRESIDENT CARTER MADE CLEAR THE PRIORITY WE ATTACH TO THE FIGHT AGAINST INFLATION. HE ANNOUNCED THAT, IF CONGRESS DID NOT QUICKLY PASS MEANINGFUL ENERGY LEGISLATION, HE WOULD MOVE TO LIMIT OIL IMPORTS BY ADMINISTRATIVE ACTION. HE ANNOUNCED THAT WE WILL BE TAKING A SERIES OF ACTIONS DESIGNED TO ENABLE U.S. BUSINESS TO COMPETE MORE EFFECTIVELY IN WORLD MARKETS. WE ARE THUS WORKING ON STRENGTHENING EACH OF THE UNDERLYING ECONOMIC CONDITIONS IN THE UNITED STATES NEEDED TO SUPPORT THE DOLLAR -- A REDUCTION OF OUR OIL IMPORTS, A REDUCTION IN OUR RATE OF INFLATION, AND A GREATER EXPORT EFFORT. IN THE MEANWHILE, WE HAVE TAKEN A NUMBER OF BRIDGING ACTIONS, INCLUDING EXCHANGE MARKET INTERVENTION, FOR THE PURPOSE OF COUNTERING DISORDERLY CONDITIONS IN THOSE MARKETS. I AM CONFIDENT THAT BY DEALING WITH THE FUNDAMENTALS, AND BY OUR BRIDGING ACTIONS, WE WILL RESTORE STABILITY TO THE EXCHANGE MARKETS AND THEREBY PROVIDE A SOUND FINANCIAL

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BASIS FOR ONGOING PROSPERITY IN THE WORLD ECONOMY.

WE ARE ALSO PURSUING OUR COMMITMENT TO AN EFFICIENTLY

FUNCTIONING SYSTEM OF WORLD PAYMENTS BY GIVING STRONG SUPPORT TO THE WITTEVEEN FACILITY IN THE IMF. LEGISLATION AUTHORIZING U.S. PARTICIPATION IN THE FACILITY HAS BEEN ENACTED BY THE U.S. HOUSE OF REPRESENTATIVES, AND WE ARE HOPEFUL THAT FINAL LEGISLATIVE ACTION WILL BE COMPLETED IN THE NEAR FUTURE. ONCE IN PLACE, THE WITTEVEEN FACILITY WILL HELP ASSURE THAT ADEQUATE OFFICIAL FINANCING IS AVAILABLE TO DEFICIT COUNTRIES--DEVELOPED AND DEVELOPING ALIKE--DURING THE YEARS AHEAD.

IN THE TRADE AREA, WE ARE DETERMINED TO CONTINUE TO RESIST THE IMPOSITION OF NEW BARRIERS TO IMPORTS -- PARTICULARLY FROM DEVELOPING COUNTRIES. IN EVERY CASE THAT HAS COME BEFORE HIM PRESIDENT CARTER HAS REJECTED PROPOSALS FOR COMPREHENSIVE IMPORT CONTROLS. INDEED, WE ARE SEEKING FURTHER REDUCTIONS OF EXISTING BARRIERS THROUGH THE MULTILATERAL TRADE NEGOTIATIONS (MTN).

WE WILL CONTINUE TO OFFER TO DEVELOPING COUNTRIES THE LARGEST, MOST OPEN MARKET IN THE WORLD. THIS IS OF CRITICAL IMPORTANCE TO THOSE DEVELOPING ASIAN ECONOMIES WHICH HAVE SO SUCCESSFULLY FOLLOWED STRATEGIES OF EXPORT-LED GROWTH. WE FULLY INTEND TO PRESERVE AN OPEN WORLD ECONOMY IN WHICH THEIR OUTWARD-LOOKING DEVELOPMENT STRATEGIES--AND SIMILAR STRATEGIES BY OTHER COUNTRIES -- CAN PROSPER AND SUCCEED.

COMMODITY POLICY IS ANOTHER AREA IN WHICH THE UNITED STATES HAS SOUGHT TO BE HIGHLY RESPONSIVE TO THE PROBLEMS OF THE DEVELOPING COUNTRIES. WE UNDERSTAND THEIR CONCERN OVER EXCESSIVE PRICE FLUCTUATIONS AND RESULTANT DISRUPTIONS IN

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FOREIGN EXCHANGE EARNINGS, DOMESTIC INVESTMENT AND EMPLOYMENT. WE SUPPORT THE PRINCIPLE OF STABILIZING PRICES AROUND MARKET TRENDS, AND BELIEVE THAT IT IS IN OUR OWN NATIONAL ECONOMIC INTEREST TO DO SO WHEREVER FEASIBLE. THUS WE HAVE PARTICIPATED IN, OR EXPRESSED A WILLINGNESS TO EXAMINE PARTICIPATION IN, INTERNATIONAL COMMODITY ARRANGEMENTS COVERING SUGAR, COFFEE, COCOA, TIN, RUBBER AND COPPER. SOME OF THESE COMMODITIES ARE OF PARTICULAR IMPORTANCE TO DEVELOPING COUNTRIES IN ASIA, AND WE LOOK FORWARD TO CONTINUING TO WORK WITH THEM IN THIS AREA IN PURSUIT OF OUR COMMON ECONOMIC GOALS.

OUR BILATERAL DEVELOPMENT ASSISTANCE HAS RISEN SUBSTANTIALLY. FOR THE DEVELOPING COUNTRIES OF ASIA, IT HAS RISEN SHARPLY FROM \$266 MILLION IN FY 1977 TO A REQUESTED \$470 MILLION FOR FY 1979. ASIA'S SHARE HAS RISEN FROM 31 PERCENT OF THE TOTAL IN 1977 TO 37 PERCENT IN 1979. IN ADDITION, WE ARE PROVIDING APPROXIMATELY \$1 BILLION IN UNCLASSIFIED

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FOOD AID FOR ASIAN DEVELOPING COUNTRIES.

U.S. POLICY TOWARD THE INTERNATIONAL DEVELOPMENT BANKS

OUR SUPPORT FOR THE INTERNATIONAL DEVELOPMENT BANKS ALSO CLEARLY MANIFESTS UNITED STATES CONCERN FOR THE ASPIRATIONS AND STRIVINGS OF THE DEVELOPING COUNTRIES. UNITED STATES SUPPORT FOR THE BANKS, WHICH HAS BECOME A CENTERPIECE OF OUR FOREIGN ASSISTANCE EFFORT, EXTENDS BACK OVER ONE-THIRD OF A CENTURY. FROM THE ORIGINAL BRETON WOODS PLAN FOR AN INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE RECENT CREATION OF THE ASIAN AND AFRICAN DEVELOPMENT FUNDS, THE UNITED STATES HAS STEADFASTLY PROMOTED THE PRINCIPLE OF MULTILATERALISM IN FOREIGN ASSISTANCE. WE ARE PROUD OF OUR RECORD OF SUSTAINED SUPPORT, AND WE PLEDGE OUR CONTINUED SUPPORT FOR THIS PRINCIPLE.

IN 1977, THE CARTER ADMINISTRATION OBTAINED CONGRESSIONAL SUPPORT FOR OVER \$2.3 BILLION FOR THE DEVELOPMENT BANKS-- SUPPLEMENTAL APPROPRIATIONS OF \$396 MILLION FOR FY 1977 AND \$1,925 MILLION FOR FY 1978. THIS REPRESENTS A DRAMATIC INCREASE-- MORE THAN A TRIPLING-- OF THE \$745 MILLION

APPROPRIATED IN 1976. FOR THIS FISCAL YEAR, THE ADMINISTRATION SUBMITTED TO CONGRESS A REQUEST FOR THE LARGEST YEARLY APPROPRIATION IN HISTORY FOR THE INTERNATIONAL DEVELOPMENT BANKS -- \$3.5 BILLION. WE BELIEVE THAT THESE ACTIONS CLEARLY INDICATE THE MAJOR EFFORTS OF OUR NATIONS TO CARRY OUT ITS RESPONSIBILITIES TO THE POOR PEOPLE OF THE WORLD.

INDEED, THESE ACTIONS ARE BASED ON OUR JUDGMENT THAT THE BANKS, WITH THEIR CORPS OF HIGHLY PROFESSIONAL DEVELOP-

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MENT EXPERTS, HAVE BECOME EXTREMELY EFFECTIVE INSTRUMENTS FOR DEVELOPMENT -- TRANSLATING ASSISTANCE FROM DONOR COUNTRIES INTO SOUND DEVELOPMENT PROGRAMS FOR RECIPIENT COUNTRIES. TO ASSURE EFFICIENT UTILIZATION OF THEIR LOANS, THE BANKS PROMOTE SOUND ECONOMIC POLICIES WHICH SERVE TO GENERATE SUBSTANTIAL PRIVATE RESOURCE FLOWS AS WELL. LARGELY UNENCUMBERED BY NARROW POLITICAL FACTORS, THE DEVELOPMENT BANKS HAVE BEEN ABLE TO DEVOTE THEIR ENERGIES AND RESOURCES TO THE CENTRAL TASK AT HAND -- EFFECTIVE DEVELOPMENT. AT THE SAME TIME, THE BANKS MULTILATERALIZE THE FOREIGN ASSISTANCE EFFORT AND THUS ENSURE FAIR BURDEN-SHARING AMONG DONOR COUNTRIES IN THE PURSUIT OF WORLD DEVELOPMENT.

WITHIN THE TENETS OF MULTILATERALISM, THE UNITED STATES-- LIKE ALL OTHER MEMBER COUNTRIES -- HAS A RESPONSIBILITY TO SEEK TO ENSURE THAT THE DEVELOPMENT BANKS REMAIN RESPONSIVE TO NEW DIRECTIONS IN DEVELOPMENT POLICY. TO THIS END WE HAVE ENCOURAGED THE DEVELOPMENT BANKS TO PAY CLOSE ATTENTION TO THE TECHNOLOGY EMPLOYED IN THEIR LOAN PROJECTS SO THAT THE RESULTING RESOURCE UTILIZATION REFLECTS UNDERLYING FACTOR AVAILABILITIES. WE HAVE ENCOURAGED THE BANKS TO TARGET PROJECT BENEFITS SO AS TO BETTER AID THE MOST DISADVANTAGED OF A COUNTRY'S POPULATION. WE HAVE URGED THAT THE SECTOR DISTRIBUTION OF LENDING BE MODIFIED TO FOCUS THE BANKS' RESOURCES MORE ON MEETING BASIC HUMAN NEEDS.

BASIC INFRASTRUCTURE PROJECTS TRADITIONALLY FINANCED BY THE BANKS SHOULD OF COURSE CONTINUE TO BE SUPPORTED, AS THEY HAVE RECOGNIZED EXPERTISE IN THESE FIELDS WHICH SHOULD CONTINUE TO BE EMPLOYED. WE ARE, HOWEVER, SEEKING A RESHAPING OF SECTORAL PRIORITIES TO BETTER ADDRESS THE NEEDS OF THE POOR WITHOUT NEGLECTING THE KEY INFRASTRUCTURE

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AREAS. I AM PLEASED TO NOTE THE EXTENT TO WHICH THE ASIAN
DEVELOPMENT BANK HAS ALREADY MOVED TO FOCUS ITS LENDING
PROGRAM ON THESE "GROWTH WITH EQUITY" CONCERNS, AS
STRESSED YESTERDAY BY PRESIDENT YOSHIDA.

FINALLY, WE SEEK TO INCORPORATE CONCERN FOR HUMAN RIGHTS
INTO THE ACTIVITIES OF THE DEVELOPMENT BANKS. WE BELIEVE
THAT THE GOALS AND PURPOSES OF THE BANKS MUST ENCOMPASS A
BROAD RANGE OF FUNDAMENTAL CONCERNS, INCLUDING HUMAN
RIGHTS AS WELL AS FREEDOM FROM ECONOMIC PRIVATION AND WANT.
WE SEEK TO COOPERATE WITH ALL MEMBERS IN FINDING WAYS TO
BEST ADVANCE THE COMMON COMMITMENT TO HUMAN RIGHTS AND
MEETING HUMAN NEEDS, WHILE AT THE SAME TIME ENSURING THE
INTEGRITY AND EFFECTIVENESS OF THE MULTILATERAL PROCESS.

THIS IS A SUBSTANTIAL LIST OF CONCERNS. BUT WE SEE IT AS
A LEGITIMATE EXPRESSION OF OUR RESPONSIBILITIES WITHIN A
MULTILATERAL FRAMEWORK. MULTILATERALISM DOES NOT IMPLY
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ABDICATION OF RESPONSIBILITY TO VOICE CONCERN, OR TO EX-
PRESS PREFERENCES. CONSTRUCTIVE PROPOSALS AND SUGGESTIONS
FROM MEMBER NATIONS ARE NECESSARY INGREDIENTS OF EFFEC-
TIVE INTERNATIONAL ACTION. WE INTEND TO CONTINUE TO EX-

ERCISE THAT RESPONSIBILITY.

THE ASIAN DEVELOPMENT BANK -

THE ASIAN DEVELOPMENT BANK DRAWS TOGETHER INTO ONE EFFORT PERHAPS THE MOST VARIED GROUP OF DEVELOPING NATIONS IN ANY REGION. ITS DEVELOPING MEMBERS INCLUDE SOME OF THE MOST DYNAMIC AND FASTEST GROWING COUNTRIES IN THE WORLD. KOREA, THE REPUBLIC OF CHINA, SINGAPORE, HONG KONG AND MALAYSIA ALL EXPERIENCED GROWTH IN REAL GNP GREATER THAN 7.5 PERCENT IN 1977. THEY HAVE BECOME EFFECTIVE COMPETITORS FOR A WIDE RANGE OF PRODUCTS IN INTERNATIONAL TRADE. THESE COUNTRIES HAVE ALL EXHIBITED IMPRESSIVE FLEXIBILITY IN ADAPTING TO THE NEW PARAMETERS OF THE INTERNATIONAL ECONOMY. THEY ARE CLEARLY AMONG THE MOST ADVANCED DEVELOPING COUNTRIES IN THE WORLD.

AT THE SAME TIME, THE BANK'S MEMBERSHIP INCLUDES COUNTRIES HEAVILY DEPENDENT UPON AGRICULTURAL AND RAW MATERIAL EXPORTS. THESE COUNTRIES FOUND THEIR PROGRESS SLOWED IN 1977 BY SLUGGISH GROWTH IN WORLD TRADE AND OUTPUT. THE PHILIPPINES, THAILAND, PAKISTAN AND BANGLADESH ALL EXPERIENCED REDUCED RATES OF GROWTH. INDEED, ECONOMIC GROWTH FAILED TO MATCH POPULATION GROWTH IN PAKISTAN AND BANGLADESH. ALONG WITH NEPAL, BURMA, SRI LANKA AND AFGHANISTAN, THESE COUNTRIES FACE SOME OF THE MOST PRESSING AND DIFFICULT DEVELOPMENT PROBLEMS IN THE WORLD.

FINALLY, THE BANK INCLUDES AMONG ITS MEMBERSHIP A NUMBER
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OF SMALL ISLAND ECONOMIES, FROM TONGA AND THE COOK ISLANDS TO WESTERN SAMOA AND THE GILBERT ISLANDS -- COUNTRIES WHICH FACE THEIR OWN UNIQUE SET OF DEVELOPMENT PROBLEMS.

THIS DIVERSITY IN THE BANK'S DEVELOPING COUNTRY MEMBERSHIP REPRESENTS BOTH A CHALLENGE AND AN OPPORTUNITY. NO ONE DEVELOPMENT STRATEGY, NO SINGLE PROJECT PREPARATION TECHNIQUE, NO ONE SET OF LENDING TERMS NOR SINGLE SECTOR FOCUS WILL BE ADEQUATE TO MEET THE VARIED NEEDS OF SUCH A DIVERSE GROUP OF COUNTRIES. THE BANK MUST MAINTAIN A HIGH DEGREE OF FLEXIBILITY AND ADAPTABILITY IF IT IS TO RESPOND EFFECTIVELY TO THE DIVERSIFIED PROBLEMS OF DEVELOPMENT IT CONFRONTS.

THE UNITED STATES HAS STRONGLY SUPPORTED THE ASIAN DEVELOPMENT BANK FROM ITS BEGINNING. GROWING OUT OF A PLEDGE MADE BY PRESIDENT JOHNSON IN HIS APRIL 1965 SPEECH AT JOHNS HOPKINS UNIVERSITY, THE UNITED STATES ACTIVELY PARTICIPATED IN THE CREATION OF THE BANK -- AND I HAD THE

PERSONAL PRIVILEGE OF PARTICIPATING, AS A MEMBER OF THE U.S. DELEGATION, AT THE CHARTER SIGNING CEREMONIES IN MANILA IN DECEMBER 1965. AS ONE OF THE INITIAL CHARTER SIGNATORIES, THE UNITED STATES JOINED WITH JAPAN IN SUBSCRIBING THE LARGEST SHARES TO THE ORIGINAL CAPITAL MOBILIZATION OF THE BANK -- A POSITION WHICH WE INTEND TO MAINTAIN. IN ADDITION, THE UNITED STATES HAS BEEN THE SECOND LARGEST CONTRIBUTOR, NEXT TO JAPAN, TO THE BANK'S CONCESSIONAL LOAN WINDOW, THE ASIAN DEVELOPMENT FUND. WE AND OTHER DEVELOPED MEMBER COUNTRIES HAVE IN FACT JUST COMPLETED NEGOTIATIONS FOR THE SECOND REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND. I AM PLEASED TO ANNOUNCE THAT THE UNITED STATES WILL BE JOINING THE OTHER DONOR COUNTRIES IN A SUBSTANTIAL REPLENISHMENT OF THE FUND'S RESOURCES, WHICH WILL ENABLE THE BANK TO GREATLY EXPAND ITS CONCES-

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SIONAL LENDING TO ITS POOREST MEMBER COUNTRIES OVER THE NEXT FOUR YEARS.

THE UNITED STATES PLEDGES \$445 MILLION TO THE REPLENISHMENT, SUBJECT TO AUTHORIZATION AND APPROPRIATION BY THE U.S. CONGRESS, THEREBY MAINTAINING OUR AGREED ADF SHARE OF 22.25 PERCENT OF THE BASIC REPLENISHMENT TARGET OF \$2.0 BILLION. THIS SUBSTANTIAL INCREASE, FROM OUR PLEDGE OF \$180 MILLION TO THE FIRST REPLENISHMENT OF THE FUND, RE-

AFFIRMS OUR SUPPORT FOR THE FUND'S ACTIVITIES AND OUR DESIRE TO SEE SOME OF THE ADDITIONAL CONCESSIONAL RESOURCES DIRECTED TOWARD THE marginally eligible countries of Indonesia, Thailand and the Philippines for projects meeting basic human needs. The pledge has been approved personally by President Carter, and has been made after extensive consultations with our Congress which have reaffirmed the widespread support throughout our government for the activities of the ADB.

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I would like to add the deep satisfaction which we take from the widespread support of other donor countries for ADF III. We believe that these expressions of confidence in the Fund, and in its management by the Bank, are fully justified -- and bode well for the future of our joint efforts for Asian development.

This replenishment of the Asian Fund draws attention to the Bank's recent efforts to recast and reshape its priorities, by placing greater emphasis on meeting basic human needs and on reaching the poorest people in the developing member countries. We approve of the greater emphasis given to agriculture and agro-industry. We applaud the critical analysis that is presently underway, on the basis of the findings of the Bank-sponsored second Asian agricultural survey, to modify existing practices of project design and project implementation. We believe that the Bank can increase its effectiveness in coping with the hardcore poverty problems found in developing member countries by incorporating a greater emphasis on off-farm employment, on appropriate technology and on targeting benefits to the marginal farmer and landless laborer -- recommendations highlighted in the survey.

In other sectors as well, the Bank is demonstrating creative adaptability. We especially applaud the initiatives taken in the energy field. The Bank's recent power projects -- which emphasize improved efficiency for existing power systems and the use of indigenous resources such as hydro, thermal and coal -- are examples of admirable responsiveness to changing conditions and the needs of developing member countries. These projects, and the ex-

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AMPLE THEY SET, HAVE GREAT IMPORTANCE BOTH FOR THE RECIPIENTS AND FOR THE WORLD ENERGY BALANCE.

I WOULD ALSO LIKE TO COMMEND THE BANK FOR ITS SOUND FINANCIAL AND ADMINISTRATIVE POLICIES. WE SUPPORTED THE RECENT INCREASE IN THE BANK'S COMMITMENT CHARGE TO 0.75 PERCENT. THE BANK'S PRUDENT BUDGET POLICIES ARE WELL KNOWN, AND DESERVE SUPPORT FROM ALL MEMBER COUNTRIES.

THE UNITED STATES SUPPORTS THE BANK'S EXPRESSED INTEREST IN DEVOTING GREATER ATTENTION TO SUB-REGIONAL DEVELOPMENT COOPERATION, IN THE SOUTH PACIFIC AND THROUGH THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN). WE SUPPORT THIS DEVELOPMENT AND HOPE THAT, IN ADDITION TO THE FEASIBILITY STUDIES FOR ASEAN INDUSTRIAL PROJECTS ALREADY PLANNED BY THE ADB, THE BANK CAN CONTINUE TO WORK CLOSELY WITH ASEAN IN FUTURE PROJECT FINANCING. THIS CAN BE DONE BOTH FROM THE BANK'S OWN RESOURCES AND THROUGH CO-FINANCING FROM OTHER SOURCES.

WE WOULD ALSO ENCOURAGE THE BANK TO DO MORE TO INVOLVE THE PRIVATE SECTOR IN ITS ACTIVITIES. THE BANK SHOULD MAKE LENDING TO PRIVATE, SMALL-SCALE INDUSTRY AN INCREASINGLY IMPORTANT FOCUS OF ITS INDUSTRIAL DEVELOPMENT PROGRAM. SUCH INDUSTRIES ARE GENERALLY LABOR-INTENSIVE, AND THUS CREATE MORE JOBS PER DOLLAR INVESTED THAN DO LARGER ENTERPRISES; THEY ALSO STRENGTHEN PRIVATE ENTREPRENEURIAL SKILLS AND ALLOW GREATER SCOPE FOR THE UTILIZATION OF LIGHT CAPITAL TECHNOLOGY. FINALLY, WE ENCOURAGE THE BANK TO EXPAND ITS EFFORTS IN PRIVATE SECTOR CO-FINANCING. WE THINK THE BANK'S MATURITY AND REPUTATION MAKE IT MORE FEASIBLE TO DO SO NOW THAN AT ANY TIME IN THE PAST. AS YET, THE BANK HAS PREFERRED TO CO-FINANCE WITH NATIONAL PUBLIC SECTOR ENTITIES OR INTERNA-

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ACTION TRSE-00

INFO OCT-01 EUR-12 IO-14 ISO-00 SSO-00 NSCE-00 SP-02
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INFO USICA WASHDC
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY PARIS

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TIONAL INSTITUTIONS. PUBLIC SECTOR CO-FINANCING SHOULD
CONTINUE TO BE ENCOURAGED, AND WE WOULD ESPECIALLY LIKE TO
SEE MORE OPEC CO-FINANCING WITH THE ADB. BUT PRIVATE
SECTOR CO-FINANCING IS ALSO A FERTILE AND PROMISING AREA.
FOR THE BANK TO MAXIMIZE ITS CONTRIBUTION AS A CATALYST FOR
DEVELOPMENT FINANCE, THIS TYPE OF COOPERATION SHOULD BE
ACTIVELY EXPLORED.

CONCLUSION -

IN CONCLUSION, I WANT TO RE-EMPHASIZE THE FIRM COMMITMENT
OF THE UNITED STATES TO THE ASIAN DEVELOPMENT BANK AND
FUND. WE ARE PROUD THAT THE UNITED STATES PLAYED AN
IMPORTANT ROLE IN CREATING THE BANK, AND HAS HELPED IT
BECOME AN EFFECTIVE INSTRUMENT OF DEVELOPMENT. OVER THE
NEXT DECADE, THE BANK WILL PLAY AN INCREASINGLY IMPORTANT
ROLE IN THE ECONOMIC DEVELOPMENT OF THE ASIA-PACIFIC
REGION -- A REGION OF GREAT IMPORTANCE TO THE WORLD ECON-
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OMY, AND OF GREAT IMPORTANCE TO THE UNITED STATES.

THE BANK'S MANAGEMENT AND STAFF, AS WELL AS THE MEMBER
COUNTRIES, DESERVE CONSIDERABLE PRAISE FOR THE BANK'S
RECORD TO DATE. THE UNITED STATES IS GRATIFIED TO BE A
PART OF THIS ENDEAVOR. I AM SURE IT WILL WARRANT OUR
CONTINUED AND GROWING SUPPORT IN THE YEARS AHEAD. BORG

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